FINANCIAL REPORTS: 
EMPOWER STAFF AND 
IMPROVED TRUST WITH 
FUNDERS

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WHAT WE STRIVE FOR EVERY SINGLE DAY...

... END HUNGER AND POVERTY, WHILE CARING FOR THE EARTH
HUNGER IS A GLOBAL ISSUE

70% of the world’s population relies on small-scale farmers

The challenge:
By 2050, the world population is projected to increase +2 BILLION

The need:
1. Boost the productivity of small-scale farmers,
2. Develop and grow medium- and large-scale agriculture.

HUNGER IS A GLOBAL ISSUE
AS SUCH OUR WORK ENVIRONMENT IS GLOBAL
PRO-POOR WEALTH CREATION

Entrepreneurship

Value Chain

Consumer

Inputs
Production
Producers

Resources

Values-based
Holistic Community
Development

Social Capital
Women’s
Empowerment
Self-
Determination

Coordinating
Mechanisms

Processes
Approach
Technology
Money
Goods

Market
Development

Philanthropy

Market Priced Financing

Time
THE CORE CHALLENGES WE FACED

Transparency
Build trust with Institutional donors

Lower G&A cost
Ensure more money ends up with those that need it most

speed of change
Increase scale, program impact and Be nimble and able to execute as fast as ‘they’ need to
WHY DOING NOTHING WAS NOT AN OPTION

“The inability of scale-up and increasing the impact of the project fast enough”

The risk: becoming irrelevant

The signs on the wall:
1. Ongoing conflicts
2. Corruption and corporate greed
3. Unsustainable food systems
4. Climate changes

The Actions:
1. Large scale interventions and impact - agility
2. Diversification of revenue - transparency /trust
3. Embrace state of the art systems - process & decision making efficiency/ people productivity
HOW WE EVOLVED

2011
Selected Unit4 Business World
And went live on the same fiscal year

2012
Scale up in +30 countries
Increase the scale and program impact

2013
Focus on system integration
Core Global System: Unit4, Blackbaud CRM and others

2014
Focus on Accountability
One global view on program finance performance

2015
Focus on Expense control
Expenses & HR system under control around the world

2016
Focus on efficiencies & insight
Decreasing G&A by 27%

Helped People
1.9M

Management & Gen. support:
6.5%

3M
+57%

5%  
-27%
AN EXAMPLE OF ACTION

The Fund Accounting Solution using the ERP Unit4 Business World enabled Heifer to respond instantly after the massive earthquake that shook Nepal on April 2015 to successfully manage more than $2.5M.

An auditor from USAID /OFDA: “Heifer was one of two NGOs in my 30+ career where I didn’t have any findings”

Heifer assisted more than 31,000 families and distributed $2.5 million in 40 affected communities.

- 34% bought construction materials to build improved animal sheds
- 31% purchased small animals like goats and chickens
- 4% purchased large animals like oxen or water buffalo
- 12.9% purchased vegetable seeds and fertilizers for farms
- 9.2% bought construction materials to rebuild their homes
RESPONDING INSTANTLY TO NATURAL DISASTERS

*Unit4 Business World Fund Accounting* helped us to manage a Disaster Rehabilitation Fund with precision enabling instant responses to:

- China’s earthquake in April 2013
- Philippines’ Typhoon Hagupit in December 2014
- Nepal’s earthquake in April 2015
- Philippines’s Super Typhoon Lando in October 2015
- Ecuador’s earthquake in April 2016
- Hurricane Matthew in Haiti last October 2016

The result:

A $1.5M grant from The Cargill Foundation to expand disaster risk reduction work in Philippines and Guatemala.
OUR KEYS SUCCESS FACTORS OF A MIS* FOR FINANCIAL REPORTING SYSTEM

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<tr>
<th>Tone at the top</th>
<th>Standardization of business process</th>
<th>Training</th>
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<tr>
<td>• Support from executive • Engagement of the employees</td>
<td>• Without standardization, no successful MIS (or ERP) • Global Accounting Policy; COA, Revenue, Forex, Fund Acc., job description, etc.</td>
<td>• “Technology is only as good as the people who use it” • It is fundamental for a full ROI</td>
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MIS, Management Information Systems
1) Financial information is like the newspaper. Ask yourself – “who wants to read yesterday’s newspaper?” That is why financial information must be clear and timely.

2) General-purpose financial statements do not provide all the information a user needs.

3) If the information is not captured in the Chart of Accounts it will be impossible to report on it.

4) Only a consolidated financial report can fully inform the user of the financial information on the performance of the organization of an international project.
A fund is defined as an accounting entity that balances with its assets, liabilities, and funds.

Fund types are used to separate an entity’s resources for a predetermined purpose. It is recommended to use fund accounting when there are diverse donor restrictions. For example: grants from governments and private foundations, or earmarking by the Board of Directors, among others.

Non-profit organizations and government offices use fund accounting because it emphasizes fiduciary responsibility and accountability whereas the for-profit sector places greater emphasis on the company’s profits.
FOREIGN CURRENCY MANAGEMENT

1) The ERP must manage multiple currencies and flexibility to handle different accounting treatment between countries.

2) The ERP must have at least three currencies: local, functional and reporting currencies.

3) Systems integration with a currency exchange provider such as Oanda significantly reduces, if not eliminates mathematical errors in currencies revaluation.

4) The contract with the donor should establish the exchange-rate methodology to use for the project’s financial reports. The alternatives are: accounting exchange rate, budget exchange rate and disbursement exchange.
LESSONS LEARNED FROM AN ERP / AMAZON

Lessons Learned from an ERP: From the perspective of international accounting of a non-governmental organization (NGO)

by Jesús Pizarro

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Lecciones aprendidas de un ERP: Desde la perspectiva de la contabilidad internacional de una organización no gubernamental (ONG) (Spanish Edition)

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Case study:

Together, we have power over hunger and poverty